

For Immediate Release
August 30, 2004

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FINDINGS OF A NATIONAL STUDY ON BILLING CONVERSION PROGRAMS IN MULTI-FAMILY SECTOR ANNOUNCED

A new two-year study of water billing practices in the multi-family residential sector has just been released. The *National Multiple Family Submetering and Allocation Billing Program Study* reports on water savings and administrative issues associated with submetering and allocation billing programs in multi-family dwellings. The study was motivated by the water industry's interest in capturing potential water savings by multi-family residents where there is currently no pricing signal to encourage efficient use.

The study found that the practice of installing individual water meters (submetering) on multi-family apartment units and billing based on actual consumption results in water savings of 15% or 8,000 gallons per unit per year. However, the study concluded that water billing practices based on allocation methods (commonly known as "RUBS" – Ratio Utility Billing Systems) did not effect any water savings.

Highlights of the study findings & conclusions include:

- ◆ **Finding:** Submetering can save around 15% or 8,000 gallons per dwelling unit per year. **Conclusion:** Submetering should be fostered by public policies seeking to encourage water savings, together with appropriate measures to protect the consumer.
- ◆ **Finding:** No water savings were found through allocated billing programs (water fees are based upon such parameters as the number of people, the number of bedrooms, unit area, etc.) **Conclusion:** Allocation programs should be carefully bounded by public policy.
- ◆ **Finding:** The installation of water efficient fixtures will save approximately 11,000 gallons per year per dwelling unit. **Conclusion:** The initiation of any separate billing system should be coupled with complete plumbing fixture upgrades within a specified time.
- ◆ **Finding:** There is little or no regulatory oversight governing third-party billing practices. **Conclusion:** Widespread adoption of certified Best Management Practices for water and wastewater billing could facilitate acceptance and help remove existing barriers to implementation for residents and owners, while enhancing water conservation opportunities.

Among the study recommendations were the adoption of policies targeted at the mostly unregulated third-party billing industry to protect multi-family residents, including recommending:

- ◆ The property owner should pay for billing service charges
- ◆ The installation of water conserving fixtures and toilet tank leak repair before billing conversion programs are implemented
- ◆ Improved billing format that provides tenants with itemized breakdown of charges and a comparison to the water (and sewer) rates of the local utility

The study's five main objectives included: 1) determining the water savings potential in the multi-family sector resulting from both direct metering and allocation programs, 2) understanding the current regulatory framework governing billing conversion programs across the U.S, 3) accessing the current business practices in the billing conversion industry, 4) drawing conclusions from the findings, and 5) making recommendations that offer consumer protection and capture cost-effective water savings.

It is estimated that 60 million people or about a quarter of the population in the U.S. live in multi-family dwellings. In the past 10 years, the billing of the water and sewer directly to tenants by billing entities has increased at the rate of about 25% per year. In 1988, there were only two companies involved in third party billing. Today there are around 50 to 60 billing companies nationwide billing around 15% of all multi-family dwelling units directly for water and sewer.

The study was conducted by Aquacraft, Inc. of Boulder, Colorado, the National Research Center, and Potomac Resources. Project funding partners included the US EPA, two national apartment associations, and 10 water utilities. Previously, only a few studies on this subject with relatively small sample sizes had been conducted.

An electronic version of the final report is available for free download from Aquacraft at: www.aquacraft.com.

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